



## **Combined General Shareholders' Meeting**

**June 7, 2018**

# Annual General Meeting

Claude Imauven - June 7, 2018



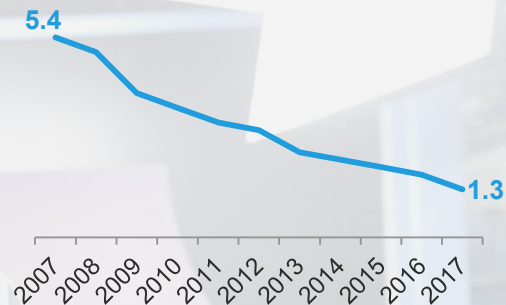


# Safety

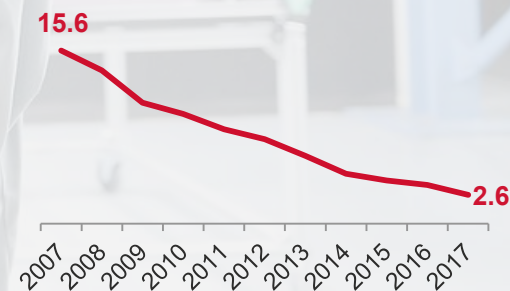
*A steady commitment*



**Frequency rate of lost-time accidents (LTAR)\***



**Frequency rate of non-lost-time accidents (TRAR)\***



\* Saint-Gobain employees, temporary workers, permanent contractors – For one million hours worked.

- Materials that power life
- Digital services for all of our customers
- A continuous international expansion
- Our major projects



# XILEC refractories

*An ecological and high-performance solution for next-generation glass manufacturing*

# ECLAZ glass

*A breakthrough innovation for improved thermal and visual comfort*





# New Isover glasswool

*A soft and ecological material with high thermal and acoustic performance*





# Overlength

*An exceptional view and  
a unique sensation of space*



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- Materials that power life
- Digital services for all of our customers
- A continuous international expansion
- Our major projects



# Building Distribution

*New services to become our customers' partner of choice*



# KANDU

*Our solution to improve every  
aspect of comfort*



K•A•N•D•U

  
SAINT-GOBAIN



# Sweeten

*A “matchmaking” service between homeowners  
and general contractors for renovation projects  
in the United States*



# saint-gobain.fr

*Our new website to provide end  
customers with inspirational ideas*



# Saint-Gobain *SHAREHOLDER*

*Our new mobile application for our shareholders*





- Materials that power life
- Digital services for all of our customers
- A continuous international expansion
- Our major projects



- Materials that power life
- Digital services for all of our customers
- A continuous international expansion
- Our major projects





# Paris Law Court complex





# Shakespeare Theater, Chicago





# Calgary Airport





# Louvre Abu Dhabi





# Annual General Meeting

Claude Imauven - June 7, 2018



SAINT-GOBAIN

# DIGITAL TRANSFORMATION AT SAINT-GOBAIN





# THE DIGITAL REVOLUTION HAS CHANGED THE WORLD



Living hyperconnected

# THE DIGITAL REVOLUTION HAS CHANGED THE WORLD



Living hyperconnected



# THE DIGITAL REVOLUTION HAS CHANGED THE WORLD

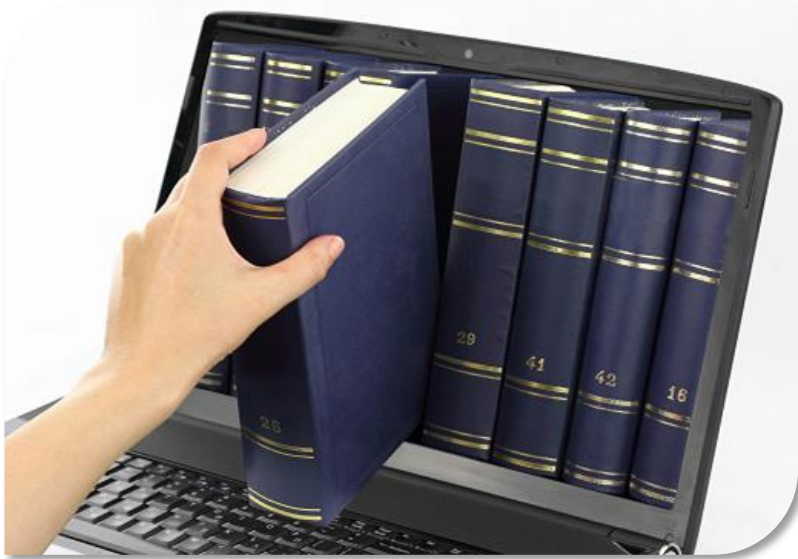
amazon



Google

Value chains now serve a multitude of  
highly informed consumers

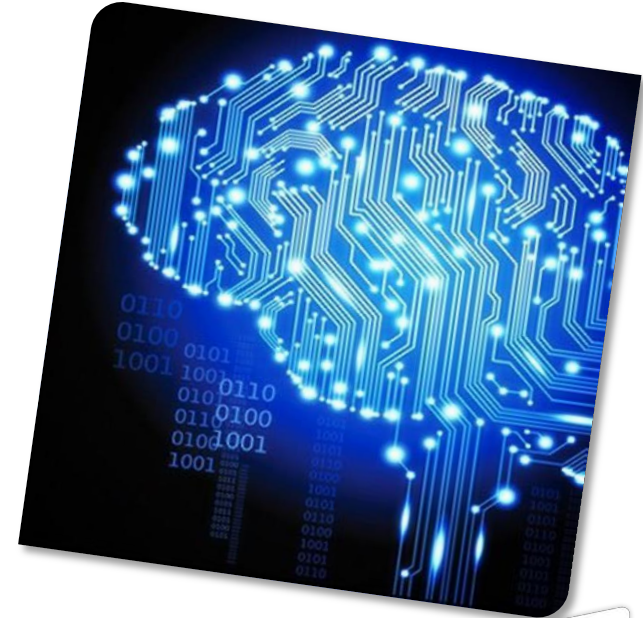
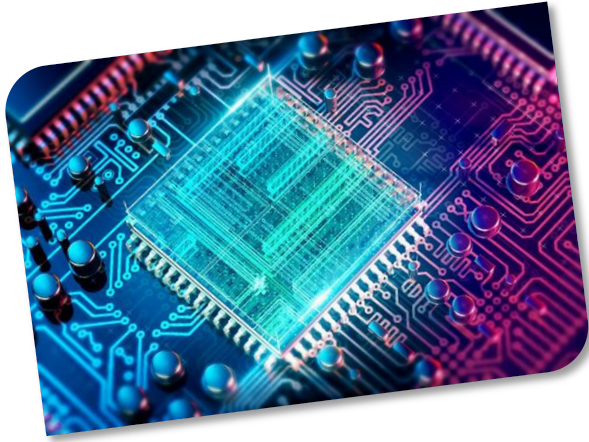
# THE DIGITAL REVOLUTION HAS CHANGED THE WORLD



We access knowledge and learn in new ways.



# THE DIGITAL REVOLUTION HAS CHANGED THE WORLD



Automation is on the rise.

# THE DIGITAL REVOLUTION HAS CHANGED SAINT-GOBAIN



We now provide services and solutions  
from a single platform.



# THE DIGITAL REVOLUTION HAS CHANGED SAINT-GOBAIN

3 M

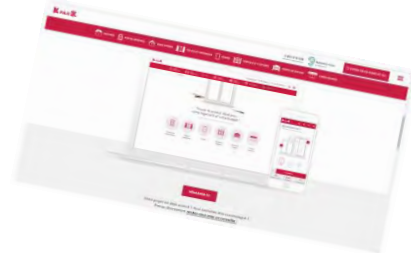
followers on social networks

130 M

sessions on our websites

210

mobile apps created



60 %

of sales covered by PIM in our distribution system



Strengthen customer intimacy and our employer appeal with the brand



# THE DIGITAL REVOLUTION HAS CHANGED SAINT-GOBAIN



Prefabrication



Services at the worksite



The integrated roof system



Customer training



Digital modeling



Integrated production & supply chain

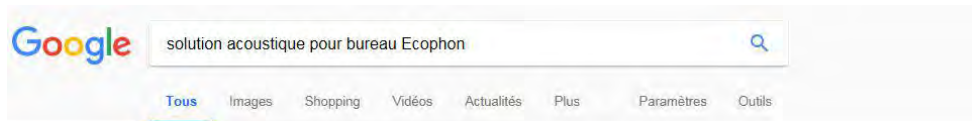
It means broadening our range.



# INVENT NEW CAREERS



# ACQUIRING NEW SKILLS



Environ 7 670 résultats (0,43 secondes)

## Design acoustique adapté aux activités au bureau

[www.ecophon.com/...solutions/...bureaux/.../design-acoustique](http://www.ecophon.com/...solutions/...bureaux/.../design-acoustique)  
Vous en saurez plus sur le Design acoustique adapté au bureau. Vous trouverez des solutions acoustiques qui assureront un lieu de travail agréable et productif.

## Améliorer les espaces de travail au bureau

[www.ecophon.com/fr/applications-et-solutions/les-bureaux](http://www.ecophon.com/fr/applications-et-solutions/les-bureaux)  
Les nouvelles manières de travailler et d'organiser les espaces de travail ont conduit à de nouvelles exigences acoustiques. Les solutions acoustiques pour différentes zones dans les bureaux.

## Solutions acoustiques et applications - Ecophon

[www.ecophon.com/fr/applications-et-solutions/](http://www.ecophon.com/fr/applications-et-solutions/)  
Solutions acoustiques pour tout type d'environnement. L'acoustique affecte-t-elle à l'école, au bureau mais aussi à l'hôpital. Visitez notre site pour en savoir plus.

## [PDF] Design acoustique - Ecophon

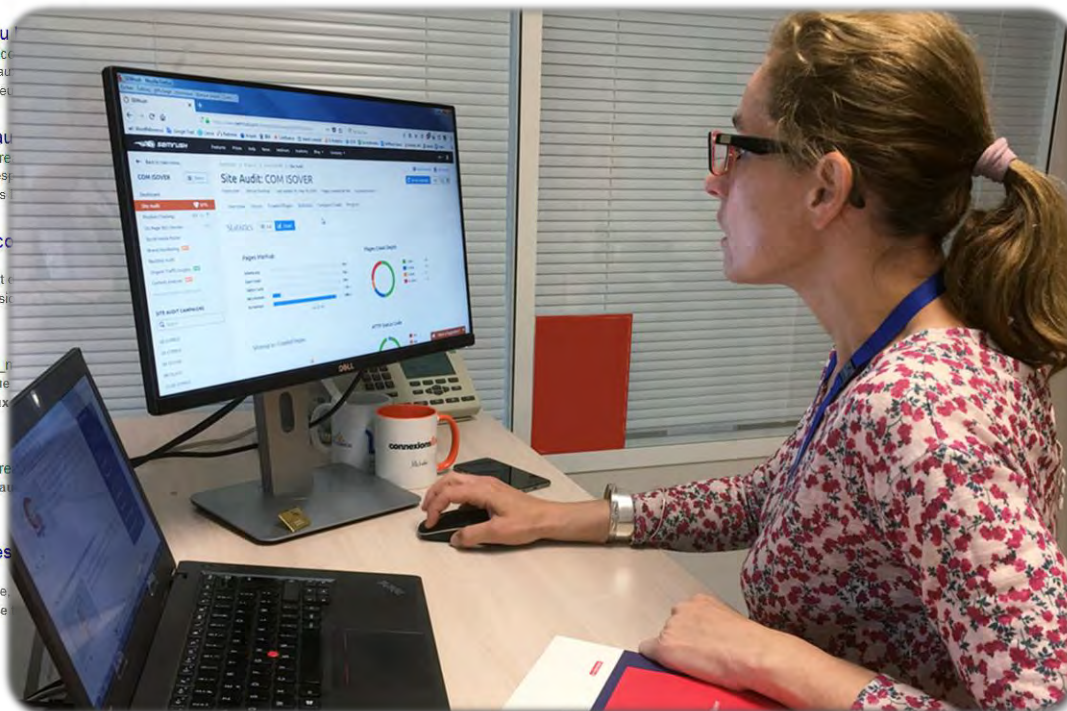
[www.ecophon.com/globalassets/old-structure/07.../fr.../design-acoustique.pdf](http://www.ecophon.com/globalassets/old-structure/07.../fr.../design-acoustique.pdf)  
Il est indispensable d'offrir un environnement acoustique adapté aux exigences des bureaux. Les solutions répondant aux exigences de nos bureaux.

## Centres d'appels - Ecophon

[www.ecophon.com/fr/applications-et-solutions/les-bureaux](http://www.ecophon.com/fr/applications-et-solutions/les-bureaux)  
Comment améliorer l'acoustique des espaces de bureaux pour les centres d'appels ? Les solutions acoustiques qui assureront un lieu de travail agréable et productif.

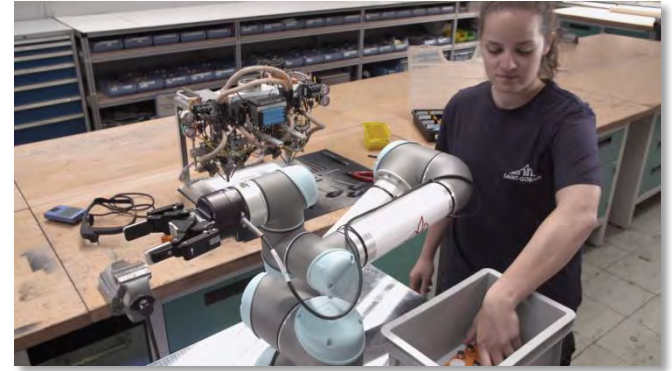
## Piafonds et panneaux muraux acoustiques

<https://www.ecophon.com/fr/>  
A propos d'Ecophon. Saint-Gobain Ecophon développe des solutions acoustiques qui contribuent à un bon environnement de travail.





## ACQUIRING NEW SKILLS



## ACQUIRING NEW SKILLS

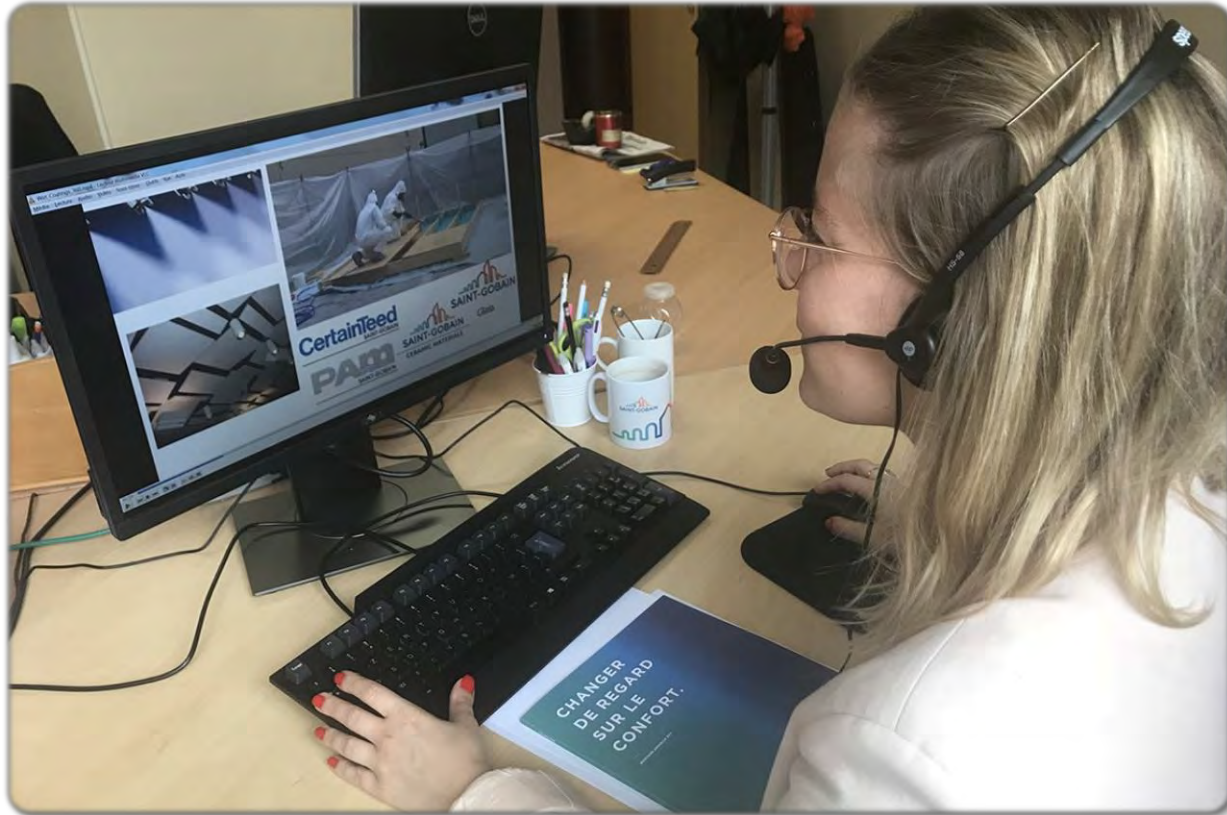




# UPDATING OUR TRAINING AND KNOWLEDGE MANAGEMENT



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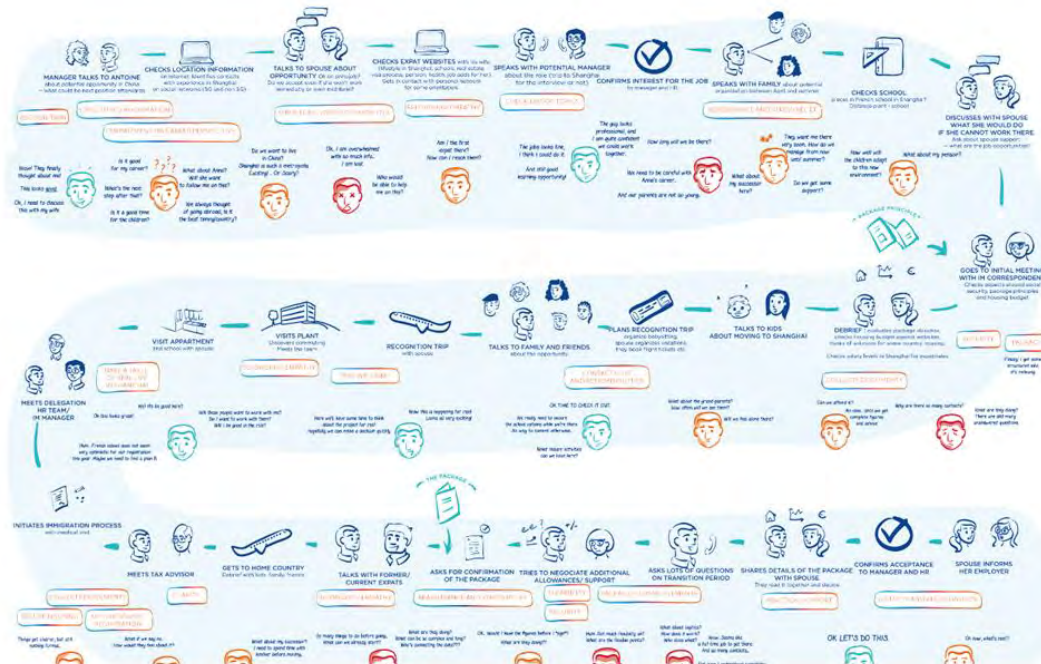


# UPDATING OUR TRAINING AND KNOWLEDGE MANAGEMENT





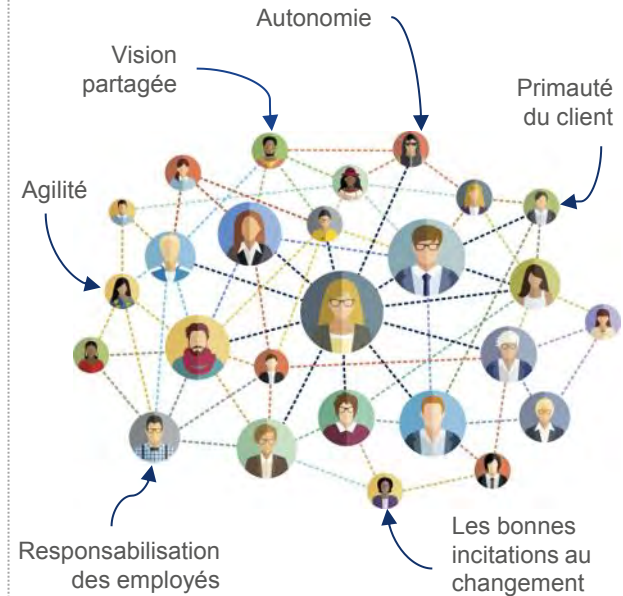
# INVENTING NEW CAREERS



# ADOPTING NEW WORK METHODS



## Organisation horizontale et polymorphe





## ADOPTING NEW WORK METHODS



# ADAPTING TO NEW WORKSPACES





## ADAPTING TO NEW WORKSPACES



# IMPROVING OPERATIONAL EFFICIENCY





# THE SAINT-GOBAIN ATTITUDES: ALL ABOARD THE DIGITAL EXPRESS!



# DIGITAL TRANSFORMATION AT SAINT-GOBAIN





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**General Meeting**

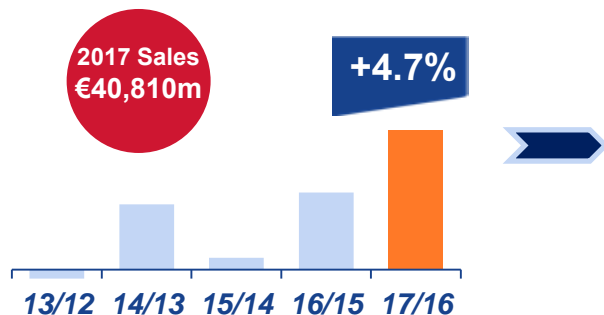
June 7, 2018



# 2017: ANOTHER YEAR OF PROGRESS

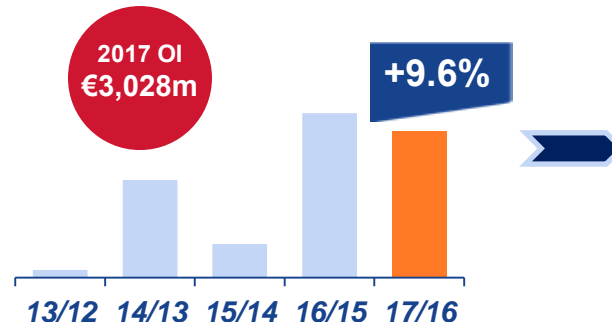
## » Growth in Net Sales

like-for-like

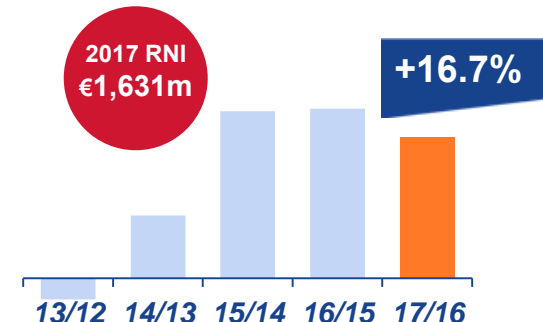


## » Growth in Operating Income

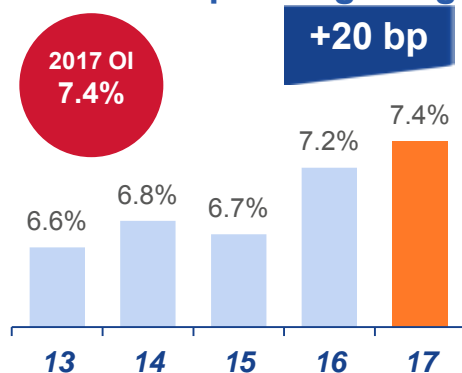
like-for-like



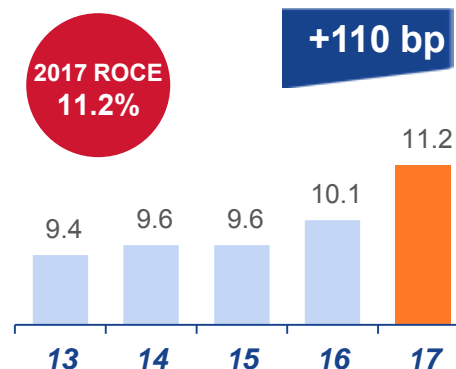
## » Growth in recurring Net Income



## » Growth in Operating margin %

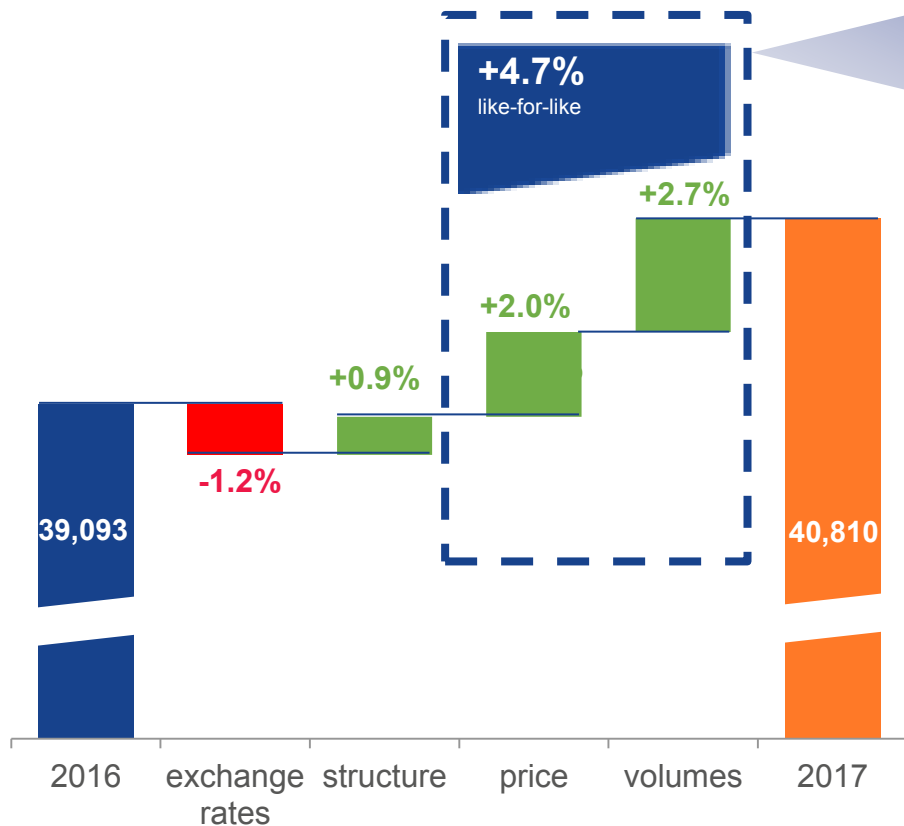


## » Growth in ROCE %

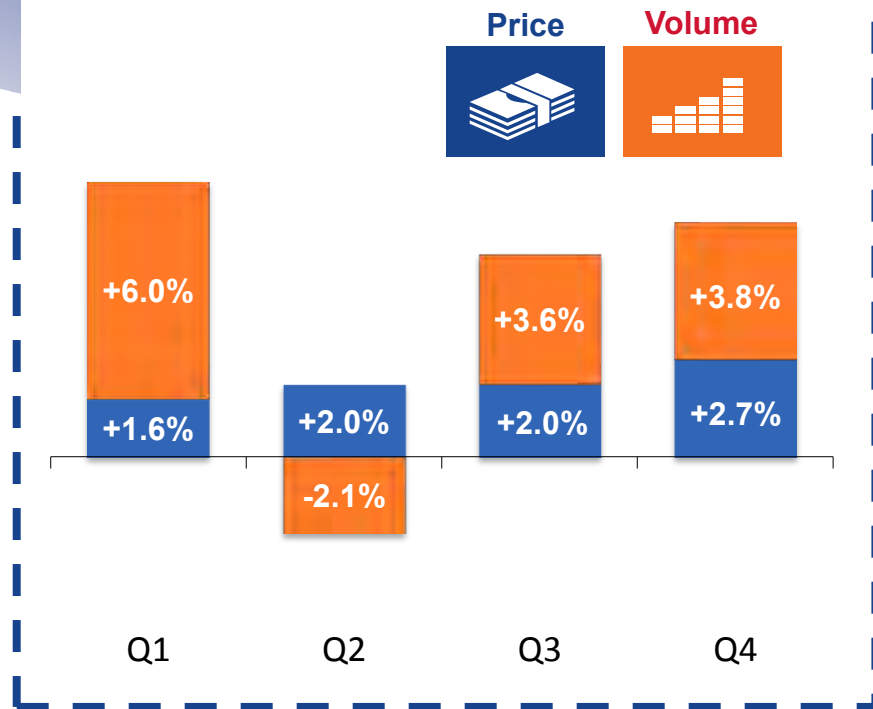


# GOOD DYNAMIC IN VOLUMES AND PRICING

## NET SALES EVOLUTION



## PRICE AND VOLUME EFFECT, by quarter





# OVERALL WELL-ORIENTED MARKETS

## France

- Dynamic new-build activity
- Progress in renovation

## Other Western Europe

- Growth in main countries
- UK uncertain

## North America

- Strong construction markets
- Good improvement in industrial markets

## Asia and emerging countries

- Growth in all regions



# GOOD PERFORMANCE ACROSS ALL REGIONS

## North America

- Sales **+6.0%**
- O.I. 10.5% ➡ **11.3%**

## Asia and emerging countries

- Sales **+9.2%**
- O.I. 10.9% ➡ **11.5%**

## France

- Sales **+3.5%**
- O.I. 2.9% ➡ **3.1%**

## Other Western Europe

- Sales **+3.1%**
- O.I. 6.2% ➡ **5.9%**



**Net Sales: like-for-like evolution**

Operating Income as a % of Sales: 2016 et 2017

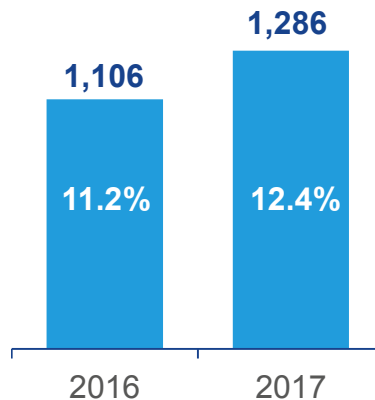


**Net Sales**

**+5.3%**

## INNOVATIVE MATERIALS: Solid growth

**Operating income &  
operating margin**  
(€m - %)



**Industrial assets  
at end of 2017**

**38%**

of Group Industrial assets



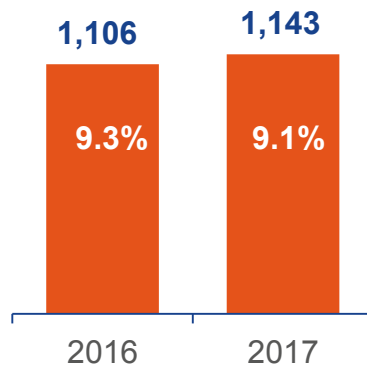


**Net Sales**

**+6.2%**

## CONSTRUCTION PRODUCTS: Improvement against an inflationary backdrop

**Operating income &  
operating margin**  
(€m - %)



**Industrial assets  
at end of 2017**

**37%**  
of Group Industrial assets



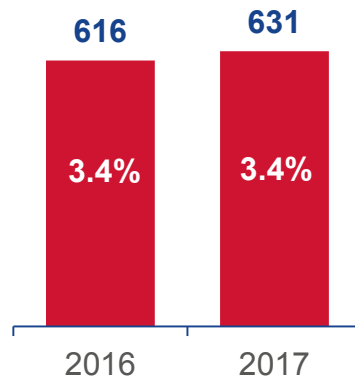
**Net Sales**

**+3.6%**

## BUILDING DISTRIBUTION:

Growth in volumes and prices

**Operating income &  
operating margin**  
(€m - %)



**Industrial assets  
at end of 2017**

**25%**  
of Group Industrial assets

» Cost savings:

**€290m** calculated on 2016 cost base

→ target exceeded, industry 4.0 initiatives

→ new program 2017 – 2020: €1.2bn

» Operating WCR:

**28** days' sales

→ demonstration of Group's ability to remain below 30 days on a sustainable basis

» Cash Flow:

**+10.0%**

→ strong cash flow generation

→ free cash flow: +7.6%

» Net Debt / EBITDA:

**1.4x**

→ solid balance sheet

→ rating confirmed



### Research & Development:

€446m

- 400 patents filed
- 3,700 R&D employees

### Acquisitions:

€641m

- +77% vs. 2016
- acceleration of small and mid-sized acquisitions

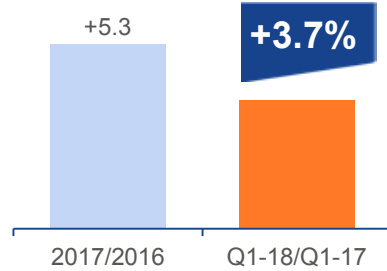
### Capital expenditure:

€1,538m

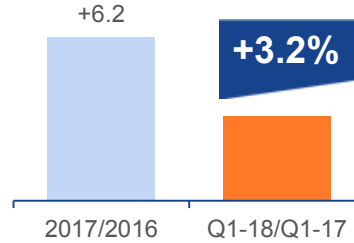
- focus on growth capex outside Western Europe
- productivity and digital transformation

# 1<sup>ST</sup> QUARTER 2018: CONFIRMATION OF UNDERLYING TRENDS BUT ADVERSE EFFECTS OF WINTER WEATHER AND WORKING DAYS

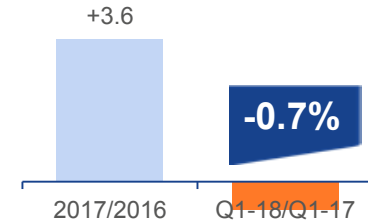
## Innovative Materials



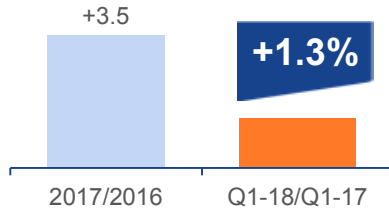
## Construction Products



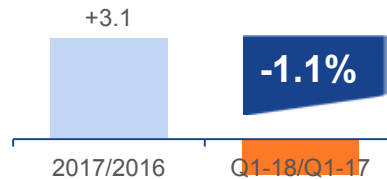
## Building Distribution



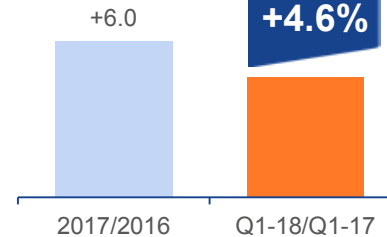
## France



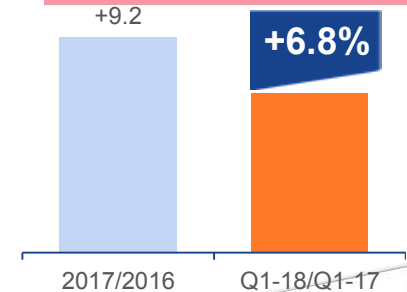
## Other Western Europe



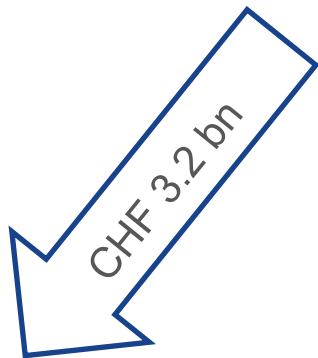
## North America



## Asia & emerging countries



# SIKA: POSITIVE FINANCIAL SOLUTION

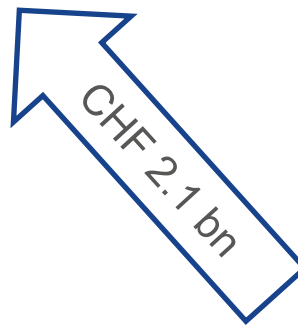


## Burkard Family

-17% of Sika Capital  
sold at  
CHF 7,470 per share

## Saint-Gobain

+10% of Sika Capital  
bought at  
CHF 4,490 per share



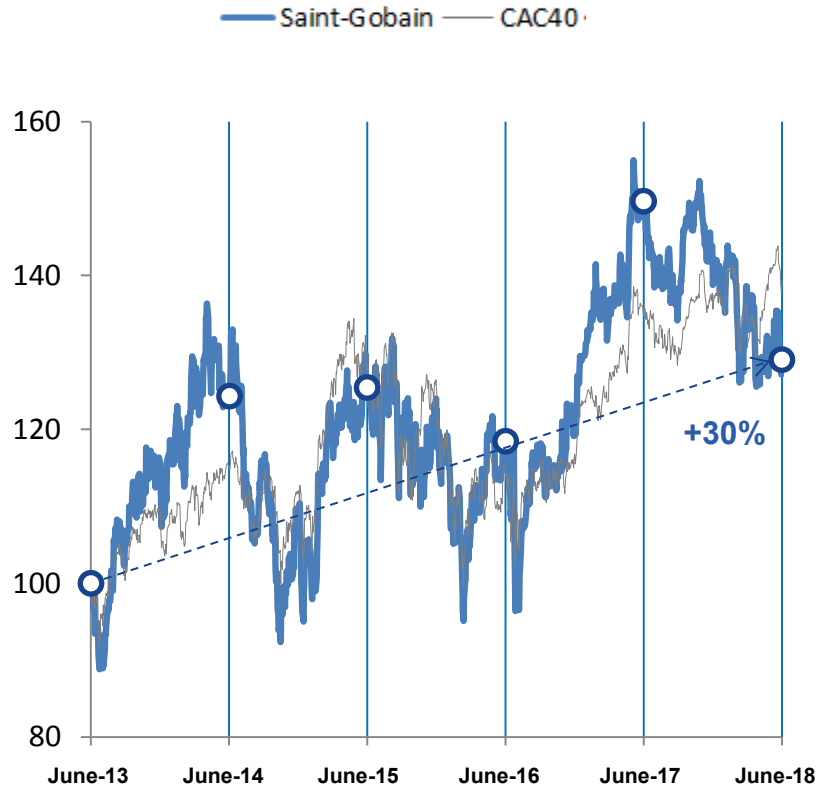
## Sika

+7% of Sika Capital  
bought at  
CHF 11,760 per share

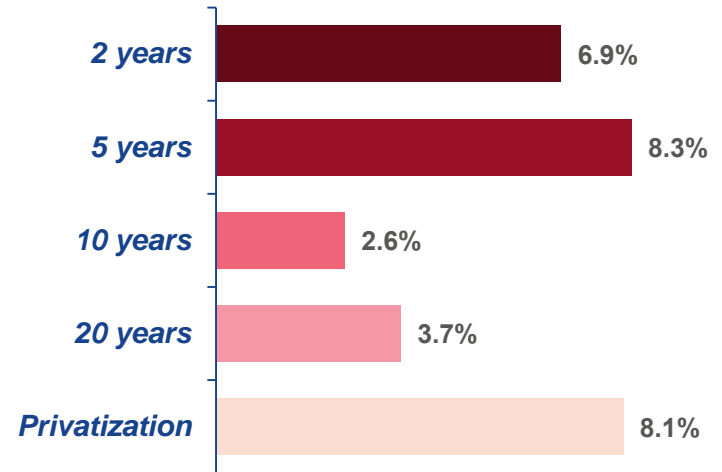


# SHARE PRICE: A LESS FAVOURABLE YEAR 2017-2018

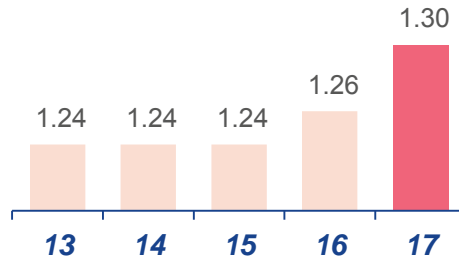
## Share price



## Total Shareholder Return since ...



## €1.30 PER SHARE

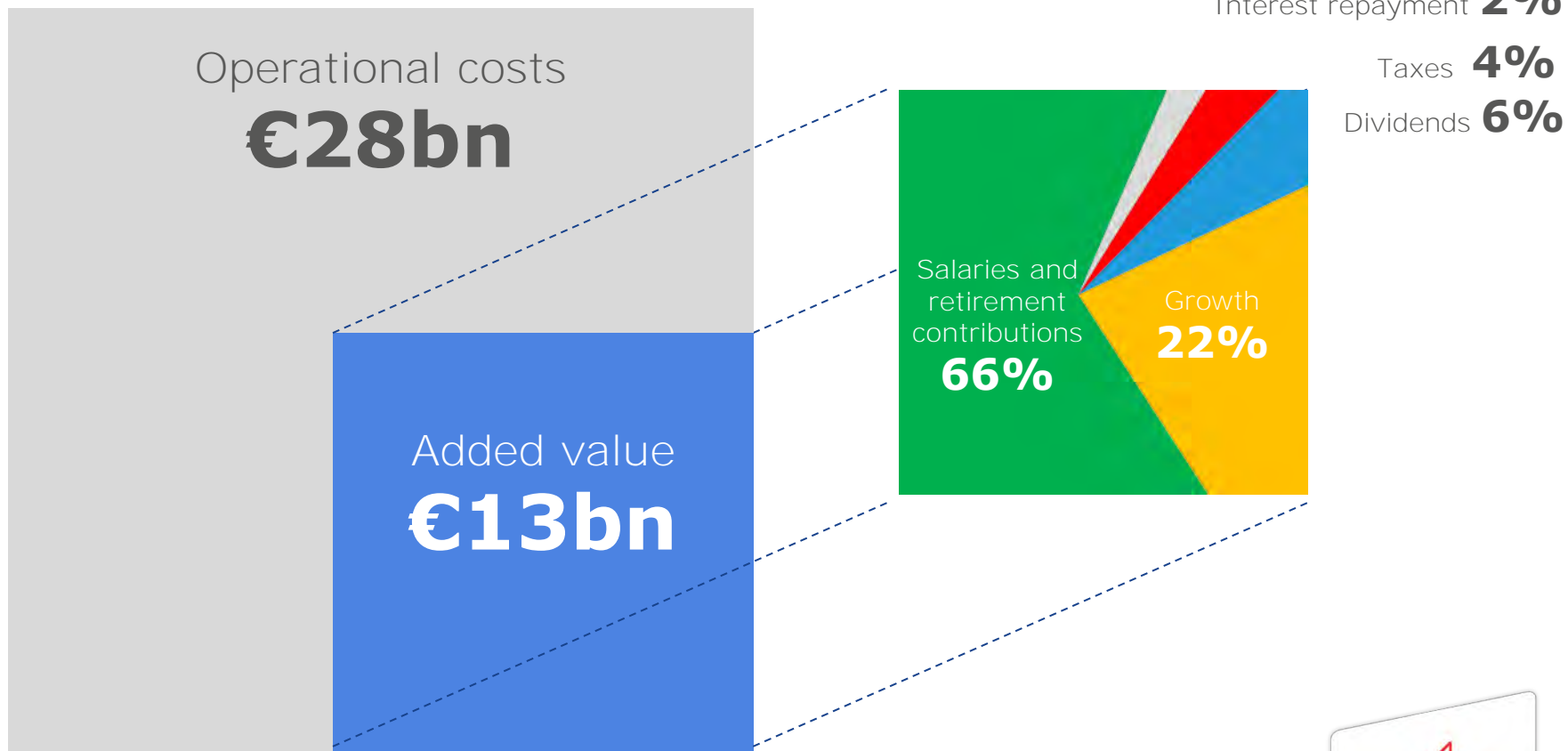


- » Dividend yield at Dec. 30, 2017: **2.8%**
- » Payout ratio based on recurring net income: **44%**

## CALENDAR:

- » **June 7, 2018:** AGM
- » **June 11, 2018:** Ex-dividend date
- » **June 13, 2018:** Payment date

## BREAKDOWN OF VALUE ADDED BY STAKEHOLDER







**General Meeting**

June 7, 2018

# Annual General Meeting

Pierre-André de Chalendar - June 7, 2018



SAINT-GOBAIN





# **A STRONG AND GROWING GROUP**



## 2017: ANOTHER YEAR OF GROWTH

**+4.7%**

**sales growth\***

**+9.6%**

**operating  
income growth\***

**+17%**

**recurring  
net income  
growth**

**€1.30**

per share

**increased  
dividend**

*\* like-for-like*

# ACTION PLANS RESOLUTELY IMPLEMENTED



Invest in fast growing geographies and markets

*Accelerate value-creating acquisitions*

*Strengthen our innovation capabilities*

*Develop our customer intimacy*

*Take operational excellence to another level*



# ACTION PLANS RESOLUTELY IMPLEMENTED



Invest in fast growing geographies and markets



Accelerate value-creating acquisitions

*Strengthen our innovation capabilities*

*Develop our customer intimacy*

*Take operational excellence to another level*





## ACTION PLANS RESOLUTELY IMPLEMENTED

- ✓ Invest in fast growing geographies and markets
- ✓ Accelerate value-creating acquisitions
- ✓ Strengthen our innovation capabilities

*Develop our customer intimacy*

*Take operational excellence to another level*

## ACTION PLANS RESOLUTELY IMPLEMENTED

- ✓ Invest in fast growing geographies and markets
- ✓ Accelerate value-creating acquisitions
- ✓ Strengthen our innovation capabilities
- ✓ Develop our customer intimacy

*Take operational excellence to another level*



## ACTION PLANS RESOLUTELY IMPLEMENTED

- ✓ Invest in fast growing geographies and markets
- ✓ Accelerate value-creating acquisitions
- ✓ Strengthen our innovation capabilities
- ✓ Develop our customer intimacy
- ✓ Take operational excellence to another level





## POSITIVE OUTLOOK FOR 2018

- Further implementation of our **action plans**
- **Good macroeconomic prospects** in our main markets
- A further **like-for-like increase in operating income**
- Another year of high level of **cash generated by operations**

# A GROUP STRENGTHENED BY AN ONGOING DIALOGUE WITH ITS STAKEHOLDERS



A low-angle photograph of green leaves, possibly from a plant like Ligustrum, against a bright blue sky. The sun is visible in the background, creating a strong lens flare and illuminating the leaves with a warm, golden light. A semi-transparent white horizontal band is overlaid across the middle of the image.

## **AN ENGAGING AND RESPONSIBLE VISION**




# MATERIALS THAT POWER LIFE



Saint-Gobain **designs, manufactures**  
and **distributes...**



**...materials and solutions...**



**...which are key ingredients in the**  
**wellbeing of each of us and the**  
**future of all**

## WORK FOR THE WELLBEING OF EACH OF US



- **Ageing population:** 60% increase in rate of people aged 65 and over by 2030
- **Urbanization:** 5 billion city-dwellers in 2030
- **Growth of middle classes:** +1.8 billion by 2035

# CONTRIBUTE TO PROTECTING THE FUTURE OF ALL



- **+40% energy consumption** in 2030
- **70% GHG emissions** coming from **towns** in 2030
- **36% GHG emissions** due to **buildings** in Europe



## OFFER PRODUCTIVITY AND PERFORMANCE TO ALL OUR CUSTOMERS



- **Manpower shortage**
- **Loss of productivity in construction in developed countries** (-9% in 20 years in France)
- **Need for tailor-made innovation for our industrial customers**



## TWO PRIORITIES: AGILITY AND OPENNESS



# A WORLD IN MOTION



**Geopolitical  
instability**

---

**Digital  
transformation**

---

**New competitions**



# SIKA: A POSITIVE OUTCOME, DEMONSTRATING AGILITY AND PRAGMATISM



**A positive net  
contribution higher  
than €600m**

---

**A tripartite deal  
eliminating  
any legal risk**

---

**Saint-Gobain, largest  
shareholder of Sika**

## A MORE OPEN AND CUSTOMER-CENTRIC INNOVATION



**Harness all forces  
driving open  
innovation**

**Steer innovations  
closer to our  
customers' needs**

© Shutterstock



## MORE FLEXIBLE AND RESPONSIVE OPERATIONS



**Offer greater supply  
chain efficiency**

**Shift from mass  
to customized small  
series production**



# FASTER STRATEGIC MOVES

**Speed up  
investments  
on the most  
profitable markets**

**Speed up portfolio  
rotation**

© Zou Pei Jun

# A MORE AGILE STRUCTURE AND A RECOGNIZED ATTRACTIVENESS



SAINT-GOBAIN  
ATTITUDES



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**Make our  
organizations more  
agile**

**Attract talents**

**Place the  
Attitudes at the core  
of our culture**



# Annual General Meeting

Pierre-André de Chalendar - June 7, 2018







**Anne-Marie IDRAC**

**Chairman of the Nomination and  
Remuneration Committee**

# BOARD OF DIRECTORS

□ The Board of Directors comprises 14 members



**73%**

Independent  
Directors,  
Committee  
Chairmen all  
independent



**42%**

Women



**96%**

Attendance rate

**10** meetings



**1**

Lead  
Independent  
Director



**2**

Employee  
Directors

**1** Director  
representing  
employee  
shareholders

□ Average seniority: 6.3 years

□ Compagnie de Saint-Gobain refers to the AFEP-MEDEF Corporate Governance Code

## DIRECTORS' SKILLS AND EXPERIENCE (1/2)

- ❑ **Non-French Directors: 27%**  
(excluding employee Directors)
- ❑ **A majority of Directors has or has had a very strong international exposure: managing groups with a significant proportion of their activities, or exercising significant duties, outside France**





## DIRECTORS' SKILLS AND EXPERIENCE (2/2)

### Diversity policy at the Board

- ❑ In the context of future appointments (results of the Board self-assessment):
  - Retain the **Distribution and Digital** skills
  - Increase **international exposure**
  - Maintain the ratio of **executive Directors** in office within other large groups
- ❑ The co-optation of Ms. Dominique LEROY on November 23, 2017 as an independent Director fully satisfies these objectives

# BOARD OF DIRECTORS' COMMITTEES

## Audit and Risk Committee



- 83% attendance
- 4 meetings
- 100% of independent Directors, including its Chairman

## Nomination and Remuneration Committee



- 96% attendance
- 4 meetings
- 2/3 of independent Directors, including its Chairman

## Strategy and CSR Committee



- 100% attendance
- 6 meetings
- Strategic orientations of the Group's business (budget, plan) and other strategic issues submitted to the Board
- Integration of CSR topics in the Group's strategy

# CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS PROPOSED TO THE GENERAL MEETING (1/2)

## Proposed renewal of the Director's term of office of Mr. Pierre-André de CHALENDAR



- Chairman and Chief Executive Officer since 2010
- Member of the Strategy and CSR Committee since 2008
- The Board of Directors intends to reappoint Mr. de CHALENDAR as Chairman and Chief Executive Officer if the General Shareholders' Meeting approves the renewal of his term of office
- Full biography on page 18 of your Notice of Meeting



# CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS PROPOSED TO THE GENERAL MEETING (2/2)

## Proposed ratification of the co-optation of Ms. Dominique LEROY as an independant Director



- Chief Executive Officer of Proximus, member of the Supervisory Board and of the Sustainability and Innovation Committee of Ahold Delhaize
- Independant Director, co-opted on November 23, 2017 following the resignation of Olivia Qiu for personal reasons
- Dominique LEROY, a Belgian citizen, will bring to the Board of Directors of Saint-Gobain her experience as a non-French executive officer of a listed group and her operational knowledge of the distribution sector and of digital transformation matters.
- Full biography on page 19 of your Notice of Meeting

# GENERAL PRINCIPLES OF THE COMPENSATION POLICY OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

## □ The compensation policy

- Is decided by the Board of Directors at the proposal of the Nomination and Remuneration Committee
- **Reflects the Group's strategy** and aims at **aligning the compensation** of the Chairman and Chief Executive Officer with the **Group's performance and the long-term interests of its shareholders**

## □ The Board of Directors, with the Nomination and Remuneration Committee

- Ensures the remuneration complies with the **recommendations of the AFEP-MEDEF Code** and meets **transparency** and **performance measurement** requirements
- Ensures the compensation of the Chairman and Chief Executive Officer **evolves** taking into account the **Group's performance and market practices**
- Takes into consideration **benchmarks** of CAC 40 companies comparable to Saint-Gobain in terms of sales, workforce and international scope of operations

## □ CSR commitments of the Group

- Are one of the qualitative objectives of the Chairman and Chief Executive Officer's variable compensation since 2013
- Are now part of the criteria applicable to the 2017 long-term compensation

# COMPENSATION COMPONENTS PAID OR GRANTED TO MR. PIERRE-ANDRÉ DE CHALENDAR FOR 2017 (SAY ON PAY EX POST)

## Summary of his compensation components

<i>(in euros, before social charges and income tax)</i>	<b>Fiscal year 2017</b>	<b>Fiscal year 2016</b>
<b>Fixed compensation</b>	1,100,000	1,100,000
<b>Annual variable compensation</b>	1,487,270	1,529,879
<b>Benefits in kind (company car)</b>	3,607	2,652
<b>Stock options (IFRS valuation)</b>	58,000 options, i.e. 293,626	58,000 options, i.e. 244,200
<b>Performance shares (IFRS valuation)</b>	67,000 shares, i.e. 1,710,478	67,000 shares, i.e. 1,189,900
<b>Total</b>	4,594,981	4,066,631

The fixed compensation is commensurable with the Chairman and Chief Executive Officer's experience and responsibilities



# COMPENSATION COMPONENTS PAID OR GRANTED TO MR. PIERRE-ANDRÉ DE CHALENDAR FOR 2017 (SAY ON PAY EX POST)

**2017 variable compensation  
(cap: 170% of the fixed compensation)**

<b>Quantifiable objectives</b> <b>(2/3, each accounting for 1/4)</b> assess the operational and financial performance of Group	<b>Qualitative objectives</b> <b>(1/3)</b> reflect the Group's strategic orientations
<b>ROCE</b>	<b>Continuation of the Group's digital transformation</b>
<b>Group operating income</b>	
<b>Group recurring net income per share</b>	<b>Implementation of the CSR policy</b>
<b>OFCF</b>	<b>Continuation of the Group's development strategy</b>
<b>Achievement rate: 79%</b>	<b>Achievement rate: 80%</b>

**Overall achievement rate: 80%**

**The variable compensation encourage the achievement of the Group's annual financial and non-financial objectives**

# 2017 LONG-TERM COMPENSATION OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER (SAY ON PAY EX POST)

	Performance shares	Stock-options
Performance conditions	<ul style="list-style-type: none"> <li>• Saint-Gobain Group ROCE: 65%</li> <li>• Performance of the stock price versus the CAC 40 stock market index: 20%</li> <li>• CSR: 15%</li> </ul>	
Caps	100% of the total maximum gross compensation (in 2017, LTI grants to the Chairman and Chief Executive Officer amounted to 68% of the total maximum gross compensation)	
	10% of the overall grant of performance shares and performance units and of the issuance authorization	
Number (23 November 2017 grants)	0 to 67,000	0 to 58,000
Vesting date /Starting date of exercise period	23 November 2021	23 November 2021
IFRS value (in euros)	1,710,478	293,626
Service condition	yes	
Prohibition to hedge the risk	yes	
Demanding obligations to acquire and/or hold Saint-Gobain shares	5 years of gross fixed compensation	

The long-term compensation encourages financial and non-financial value creation over the long-term

# 2018 COMPENSATION POLICY FOR THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER (SAY ON PAY EX ANTE)

## □ Compensation policy

- Is decided by the Board of Directors at the proposal of the Nomination and Remuneration Committee
- In the context of the renewal of its term of office: **fixed compensation** increased from €1,100,000 to €1,200,000 for its full term
  - Lower increase than that of the Group employees in France since 2010
  - Level at the median of industrial CAC 40 companies comparable to Saint-Gobain in terms of size (sales, workforce or international footprint)

## Long-term compensation

- Cap for grants of long-term compensation instruments to the Chairman and Chief Executive Officer set at 85% of his 2018 total maximum gross compensation (compared to 100% for 2017)
- Compulsory proratisation if the Board of Directors decides to exempt the Director from the service condition in the event of his departure as Director





## OTHER COMPONENTS OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S COMPENSATION

- ☐ No variable deferred compensation
- ☐ No multi-annual variable compensation
- ☐ No exceptional compensation
- ☐ No attendance fees from Group's companies

# UNDERTAKINGS TO BE APPROVED BY THE 2018 GENERAL SHAREHOLDERS' MEETING (1/2)

□ **Mr. Pierre-André de CHALENDAR waived his employment contract in 2010**

□ **Compensation for loss of office**

- Capped at 2 years of gross annual total compensation
- Due in the event of forced departure
- **Performance condition:** the variable compensation must have been at least equal to, on average for the last three full fiscal years, 50% of its average maximum amount

□ **Non-compete indemnity**

- Equal to **one year's total gross compensation**
- The Board may **waive** the application of the non-compete indemnity provision

□ **The sum of the non-compete indemnity and the compensation for loss of office may not exceed twice the total gross annual compensation**

# UNDERTAKINGS TO BE APPROVED BY THE 2018 GENERAL SHAREHOLDERS' MEETING (2/2)

## □ Supplementary pension plan

- **Applicable to all employees who joined Compagnie de Saint-Gobain prior to January 1, 1994** (i.e., as of December 31, 2017, 234 retired employees and 25 potential active employees)
- **Amount** (assuming retirement with the maximum number of years of service – 35 years – and excluding pension benefits paid under the basic and compulsory pension schemes): **approximately 37% of his latest fixed compensation (significantly lower than the AFEP-MEDEF Code's recommended ceiling set at 45% of the sum of the fixed and variable compensation)**
- **Eligibility condition:** to retire at 60 or over on a full pension under the compulsory government-sponsored schemes
- **Service condition**
- **Performance condition:** same as for the compensation for loss of office

## □ Renewal of the benefits under the Group health and personal risk insurance contracts applicable to employees of Compagnie de Saint-Gobain







**Jean-Dominique SENARD**

**Lead Independent  
Director**



## LEAD INDEPENDENT DIRECTOR: 2017 REVIEW

- ☐ Key Board activities
- ☐ Board assessment
- ☐ Principal other activities

### Group's strategy

- ☐ At each Board meeting, including during its yearly seminar : review of a specific aspect of the strategy of the Group or of its Activities or Delegation
- ☐ Planned acquisitions or strategic transaction
- ☐ Benchmark with competitors
- ☐ Strategic plan
- ☐ Digital transformation: follow-up on the implementation of the roadmap



### Risk management

- ☐ Risk mapping and risk management system (annual review)
- ☐ Cybersecurity
- ☐ Main litigation proceedings
- ☐ Compliance: implementation of the Compliance program and impact of the so-called « Sapin II » law

## KEY BOARD ACTIVITIES IN 2017 (3/3)

### Corporate Social Responsibility/Climate change

- **Strong focus of the Board on climate change**
  - During the yearly strategic seminar: review of the initiatives in terms of CO<sub>2</sub> emissions and energy consumption reduction
  - During a specific half-day seminar devoted to climate change with international experts
  - Saint-Gobain's objective: playing a role in the fight against climate change
    - ▶ Reduction of CO<sub>2</sub> emissions (2025 objective, internal price of carbon)
    - ▶ Promotion of the contribution of Saint-Gobain solutions
- **CSR politics: human resources, safety/health, environment**
- **Non-financial results**

## 2017 BOARD ASSESSMENT (1/2)

- ❑ **Conducted between September and November 2017 and led by the Lead Independent Director**
- ❑ **Scope, as every year**
  - Operation of the Board and the Committees
  - Composition of the Board
  - Assessment of the individual contributions
- ❑ **Main conclusions**
  - Operation of the Board: positive opinion
  - Composition of the Board: varied and complementary experiences
  - Potential future nominations: recruit a younger non-French Director with experience of digital and/or distribution matters
  - Covered matters: continue the in-depth analysis of strategic matters; plans for acquisitions, value creation and digital transformation; risk analysis



## ÉVALUATION DU CONSEIL D'ADMINISTRATION EN 2017 (2/2)

- **Conclusions on the combination or separation of the Chairman of the Board and CEO roles: confirmation of the combination of the Chairman of the Board and CEO roles**
  - **Well suited to Saint-Gobain and to the experience and highly transparent approach of the Chairman and Chief Executive Officer**
  - **Various counterweights**
    - ▶ High ratio of independent Directors (including the Committees' Chairmen)
    - ▶ Lead Independent Director
    - ▶ Executive sessions
    - ▶ Main shareholders' representatives (the employee shareholders' - the PEG corporate mutual fund - Wendel)
    - ▶ Employee Directors
    - ▶ Prior approval of the Board for specific significant transactions
  - Usual governance structure in France

## PRINCIPAL OTHER ACTIVITIES IN 2017

- ☐ **Risk identification (none) and risk management (as the case may be)**
- ☐ Examine the **independence status** of the Directors and of potential independent Directors
- ☐ **Succession plans** for the Chairman and Chief Executive Officer in the event of an unanticipated vacancy as well in the long-term
- ☐ **Executive sessions**
- ☐ **Meeting and engaging in dialogue with several shareholders** about Saint-Gobain's principles of governance



# STATUTORY AUDITORS' REPORTS





□ **Reports on the consolidated financial statements and on the parent company financial statements (pages 271 to 275 and 304 to 307 of the 2017 Registration Document respectively)**

- 1<sup>st</sup> and 2<sup>nd</sup> resolutions of the Ordinary Shareholders' meeting

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## **Purpose**

- Obtain reasonable assurance that the financial statements and information contained therein give a true and fair view of the Group and parent company

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## **Opinion on the financial statements and specific verifications**

- Unqualified opinion on the consolidated financial statements
- Unqualified opinion on the parent company financial statements with an emphasis of matter concerning the change of accounting policies due to the first-time application of ANC regulation 2015-05 on forward financial instruments and hedging operations
- The information given in the management report of the Board of Directors and in the Notes to the financial statements is appropriate

## □ Justification of our assessments

	Key audit matters	Main specific procedures
Consolidated financial statements	<ul style="list-style-type: none"><li>○ Measurement of provisions for liabilities and litigation</li></ul>	<ul style="list-style-type: none"><li>○ Understanding the method applied when measuring the corresponding provisions, reviewing internal analyses, legal or technical opinions and assessing the appropriateness of the data used and the positions made by Management</li></ul>
	<ul style="list-style-type: none"><li>○ Measurement of goodwill, intangible assets and property, plant &amp; equipment</li></ul>	<ul style="list-style-type: none"><li>○ Assessing the procedures implemented for impairment testing, verifying the effectiveness of the controls performed by Management, carrying out an independent analysis of certain key assumptions and examining, for a selection of cash generating units, the calculation parameters used by Management</li></ul>
	<ul style="list-style-type: none"><li>○ Planned acquisition of a controlling interest in Sika</li></ul>	<ul style="list-style-type: none"><li>○ Assessing the appropriateness of the assumptions used by Management to determine the accounting treatment of the hedging transaction related to the acquisition</li></ul>
	<ul style="list-style-type: none"><li>○ Measurement of supplier discounts in the Building Distribution Sector</li></ul>	<ul style="list-style-type: none"><li>○ Understanding the method applied when measuring the accrued supplier discounts, assessing on a multi-year basis the consistency of the supplier discount rates and verifying, through a sample, the calculation of supplier discounts obtained</li></ul>

## □ Justification of our assessments

	Key audit matters	Main specific procedures
<b>Parent company financial statements</b>	<ul style="list-style-type: none"><li>○ Measurement of financial investments</li></ul>	<ul style="list-style-type: none"><li>○ Assessing the procedures implemented for impairment testing, verifying the effectiveness of the controls performed by Management, carrying out an independent analysis of certain key assumptions and examining, for a selection of investments, the calculation parameters used by Management</li></ul>



### □ **Special report on related party agreements and undertakings (pages 175 to 180 of the 2017 Registration Document)**

- 88, 9 et 10<sup>th</sup> resolutions of the Ordinary Shareholders' meeting
- Agreements and undertakings to be submitted for the approval of the Annual General Meeting:
  - Undertakings given to Pierre-André de Chalendar concerning the compensation and benefits potentially due, in certain cases, on the termination of his duties as Chairman and Chief Executive Officer
  - Pension plan for Pierre-André de Chalendar in his capacity as non-salaried executive corporate officer
  - Benefits under the Group health and personal risk insurance contracts applicable to employees of Compagnie de Saint-Gobain to be maintained for Pierre-André de Chalendar in his capacity as non-salaried executive corporate officer
- Agreements and undertakings previously approved by the Annual General Meeting:
  - 2 were implemented during the year
  - 2 remained in force but were not implemented during the year

- ❑ **Report by one of the Statutory Auditors, appointed as an independent third party, on the consolidated human resources, environmental and social information presented in the management report (pages 328 to 329 of the 2017 Registration Document)**
  - We have no matter to draw to your attention regarding this report
- ❑ **Special report on the share capital transactions**
  - 13<sup>th</sup> resolution of the Extraordinary Shareholders' meeting
  - Your Board of Directors is asking you to delegate authority to carry out equity or equity-linked securities issues reserved for certain categories of beneficiaries
  - We have no matter to report on the information given in the report of the Board of Directors regarding the proposed transaction
  - In accordance with the French Commercial Code, we will establish an additional report, where appropriate, in case of use of this authorization by the Board of Directors

# Summary of the resolutions proposed to the Annual General Shareholder's Meeting of June 7, 2018

Mr. Antoine Vignial  
General Secretary



SAINT-GOBAIN



The resolutions' titles presented herein are summarized for information purposes.  
Only the full French version of the draft resolutions published in the BALO shall prevail.

# 1. ORDINARY MEETING



## **APPROVAL OF THE NON-CONSOLIDATED AND CONSOLIDATED FINANCIAL STATEMENTS (1<sup>st</sup> AND 2<sup>nd</sup> RESOLUTIONS)**

## **APPROPRIATION OF INCOME AND DETERMINATION OF THE DIVIDEND (3<sup>rd</sup> RESOLUTION)**

- ☐ **Refer to the Chief Financial Officer's earlier presentation**

**RE-ELECTION OF MR. PIERRE-ANDRÉ DE CHALENDAR AS DIRECTOR  
(4<sup>th</sup> RESOLUTION)**

**RATIFICATION OF THE CO-OPTATION OF MS. DOMINIQUE LEROY AS DIRECTOR  
(5<sup>th</sup> RESOLUTION)**

- ☐ **Refer to the earlier presentations of the Chairman of the Nomination and Remuneration Committee and of the Lead Independent Director**



## **COMPENSATION COMPONENTS OF MR. PIERRE-ANDRÉ DE CHALENDAR FOR 2017 (« SAY ON PAY » EX POST) (6<sup>th</sup> RESOLUTION)**

## **COMPENSATION POLICY OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER FOR 2018 (« SAY ON PAY » EX ANTE) (7<sup>th</sup> RESOLUTION)**

- ☐ Refer to the earlier presentation of the Chairman of the Nomination and Remuneration Committee**



## **RELATED-PARTY AGREEMENTS AND UNDERTAKINGS TO THE BENEFIT OF MR. PIERRE-ANDRÉ DE CHALENDAR (8<sup>th</sup>, 9<sup>th</sup> AND 10<sup>th</sup> RESOLUTIONS)**

- ☐ **Refer to the earlier presentations of the Chairman of the Nomination and Remuneration Committee and of the Statutory Auditors**

# RE-APPOINTMENT OF KPMG AUDIT FIRM AS PRIMARY STATUTORY AUDITOR (11<sup>th</sup> RESOLUTION)

☐ 6-year term





## SHARE BUYBACK PROGRAM (12<sup>th</sup> RESOLUTION)

### Authorization given to the Board of Directors to trade in Saint-Gobain shares

- Maximum purchase price: EUR 80 per share
- Maximum number of shares that may be bought back: 10% of the share capital
- No trade while a public tender offer is in progress
- Duration: 18 months

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Only the full French version of the draft resolutions published in the BALO shall prevail.



## 2. EXTRAORDINARY MEETING



## **CAPITAL INCREASE ALLOWING EMPLOYEES OF THE GROUP BASED OUTSIDE FRANCE TO BENEFIT FROM A DEVICE EQUIVALENT TO THE SAINT-GOBAIN GROUP SAVINGS PLAN (13<sup>th</sup> RESOLUTION)**

- ☐ **Renewal of the 18<sup>th</sup> resolution approved by the 2017 General Shareholders' Meeting**
- ☐ **Cap (nominal amount): 0.04% of the share capital, included in the cap of the 17<sup>th</sup> resolution (Group Savings Plan) approved by the 2017 General Shareholders' Meeting**
- ☐ **Duration: 18 months**





## **AMENDMENTS TO THE BY-LAWS RELATIVE TO THE NUMBER OF DIRECTORS REPRESENTING EMPLOYEES AT THE BOARD OF DIRECTORS (14<sup>th</sup> RESOLUTION)**

- ☐ **Current drafting: appointment of a single Director representing employees if the number of non-employee Directors is less than or equal to 12**
- ☐ **Proposed drafting: two Directors representing employees irrespective of the size of the Board of Directors**



## POWER TO CARRY OUT FORMALITIES (15<sup>th</sup> RESOLUTION)

- Powers to the bearer of an original, copy or extract of the minutes of the Meeting to enforce decisions taken by the General Meeting and to carry out formalities



# **Combined General Shareholders' Meeting**

June 7, 2018

**Q&A Session**



## **Combined General Shareholders' Meeting**

June 7, 2018

**Voting on the resolutions**



A man and a woman are seated in a modern office environment, engaged in a conversation. The man, on the left, is wearing a light blue checkered shirt and is gesturing with his right hand while holding a tablet. The woman, on the right, is wearing a dark blue top and jeans, and is also holding a tablet. They are both smiling and appear to be in a collaborative meeting. The background shows large windows with a view of a city skyline.

## **Combined General Shareholders' Meeting**

**June 7, 2018**